

EXECUTIVE SUMMARY

Background

On August 18, 2015, the District entered into a contract with Heery International, Inc. (“Heery”) to provide Program Manager - Owner's Representative Services (“OR”). The term of the Agreement was for three (3) years from August 19, 2015 to August 18, 2018, with an option to be extended for two (2) additional, one (1) year periods, and if needed, 180 days beyond the expiration date of the renewal period.

At the time the original Agreement was negotiated, the District had contemplated the engagement of two firms to provide OR services to oversee the District's SMART Program, and one separate Cost and Program Controls Manager to manage control systems for the program. However, negotiations with the second OR firm were unsuccessful. Instead, the District asked Heery to manage the scope of both OR firms in order to continue to move the SMART Program forward.

On May 2, 2017, the Board approved the First Amendment to the Heery Agreement to include the additional scope and services required to move the SMART Program forward. The First Amendment also increased the original base fee of \$16,200,000 (to managing a volume of work representing approximately half of the SMART program) to \$27,498,000 (to oversee the entire SMART program with a volume of work that is approximately \$900 million) for the first 3 years.

On April 24, 2018, the Board approved a Second Amendment to the Heery Agreement to formally recognize the name-change of the company from Heery International, Inc. to CBRE | Heery, Inc.

On August 7, 2018, the Board approved the Third Amendment for a 60-day extension from August 19, 2018 through and including October 18, 2018. This period constitutes the first of two periods of the first one (1) year renewal of the Agreement.

On October 16, 2018, the Board approved the Fourth Amendment to approve the balance of the first option year of the contract from October 18, 2018 through and including August 20, 2019, and also to encompass staffing recommendation, evaluation tool, description of added services, and proposed fee to cover the full one (1) year renewal term. The Fourth Amendment increased the fee by \$17,490,000 for a total not-to-exceed amount of \$44,988,000 for Years 1 through Year 4 of the Agreement.

On November 7, 2018, the Board approved the Fifth Amendment to add/modify contract language including adding FEMA requirements and modifying Article 2.06 M/WBE Participation.

On August 6, 2019, the Board approved the Sixth Amendment to approve the second option year of the contract from August 21, 2019 through and including August 20, 2020, and also to encompass staffing recommendation and proposed fee to cover the full one (1) year renewal term.

The Sixth Amendment increased the fee by \$20,770,000 for a total not-to-exceed amount of \$65,758,000 for Years 1 through Year 5 of the Agreement.

CBRE | Heery's proposed Amendment 7 adds the third and final extension period of 6 months. This 6-month extension will result in no increase to the total not-to-exceed contract amount for Years 1 through Year 5 ½ of the Agreement.

Basic Services and Supplemental Services Increases for Year 5½

CBRE | Heery has submitted this request to approve staffing levels for Contract Year 5½. Staffing levels for the CBRE | Heery team will be limited to just CBRE | Heery employees as subconsultants will be working under the new team.

CBRE | Heery has committed to 32% SMWBE participation in its original proposal. As of the end of May 2019, the CBRE | Heery team has reported achieving overall SMWBE participation of 37.8%. CBRE | Heery will remain well above the original commitment of 32% at the conclusion of the contract.

Conclusion

SBBC will be selecting one or more new Owner's Representative in July 2020 for the balance of this program. This extension for CBRE | Heery will allow SBBC to transition Owner's Representative services to the newly selected Owner's Representative(s). This extension covers transitional staffing that will decrease over the six-month period.

At this stage in the SMART Program and based on current performance, it is recommended that CBRE | Heery continue to provide OR services for Year 5½ of the Agreement as the program transitions to the new team. CBRE | Heery is submitting this proposal for extension of the term of the Agreement for the Fourth Renewal Period commencing August 21, 2020 through February 20, 2021.